

Message Text

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ACTION ARA-10

INFO OCT-01 EUR-12 EA-06 NEA-09 ISO-00 IO-10 FEA-01

ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

EB-07 FPC-01 H-02 INR-07 INT-05 L-02 NSAE-00 NSC-05

OMB-01 PM-03 SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00

FRB-03 AGR-05 PA-01 USIA-06 PRS-01 /135 W

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FM AMEMBASSY CARACAS

TO SECSTATE WASHDC PRIORITY 8423

INFO AMEMBASSY BRASILIA

AMEMBASSY BRUSSELS

AMEMBASSY JIDDA

AMEMBASSY NEW DELHI

AMEMBASSY PARIS

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

AMEMBASSY VIENNA

USMISSION USUN

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EO 11652: NA

TAGS: ENRG

SUBJ: VENEZUELAN REACTION TO PRODUCER/CONSUMER PREPCON

REF: CARACAS 4110

BEGIN SUMMARY.

FOREIGN MINISTER RAMON ESCOVAR SALOM AND MINISTER OF MINES
AND HYDROCARBONS VALENTIN HERNANDEZ, ISSUED SEPARATE COMMENTS
ON THE RESULTS OF THE PREPCON ON APRIL 16. THE FOREIGN MINISTER
REPORTEDLY SAID THAT THE COLLAPSE OF THE PREPCON IN PARIS WILL
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INCREASE INTERNATIONAL TENSION. THE MINES MINISTER COMMENTED

THAT HE DID NOT CONSIDER THE PREPCON FAILED. RATHER IT CLARIFIED THE ISSUES AND ESTABLISHED A BASIS FOR DIALOGUE. END SUMMARY.

1. MINISTER ESCOVAR SALOM ALLEGEDLY BLAMED THE INDUSTRIAL NATIONS' "INTRANSIGENT UNWILLINGNESS TO INCLUDE DISCUSSIONS ABOUT RAW MATERIALS AND ATTEMPTS TO RESTRICT THE CONFERENCE TO TALKS ON OIL" FOR THE ADJOURNMENT OF THE PREPARATORY CONFERENCE. SOME INDUSTRIALIZED NATIONS, HE SAID, ARE UNWILLING TO ACCEPT THE EXISTENCE

OF A RELATIONSHIP BETWEEN RAW MATERIALS AND ENERGY. HE SAID DEVELOPMENTS IN PARIS DO NOT FAVOR THE WORLD'S EQUILIBRIUM NOR THE MAINTAINING OF GOOD INTERNATIONAL RELATIONS. THE MINISTER SAID THAT THE RESULTS OF THE PREPARATORY TALKS SHOW THAT OPEC IS A UNIFIED ORGANIZATION. RESPONDING TO QUESTIONS ESCOVAR SALOM SAID THAT HE WOULD HAVE TO WAIT BEFORE KNOWING IF ANOTHER PREPARATORY CONFERENCE WILL BE HELD.

2. COMMENTING FURTHER ON THE PREPCON ESCOVAR SALOM SAID THAT AN AGREEMENT IS NOT POSSIBLE WHILE AN AGENDA INCLUDING TALKS ABOUT RAW MATERIALS DOES NOT EXIST. DEVELOPING NATIONS HAVE NOTHING TO GAIN HE ADDED BY PARTICIPATING IN A MEETING THAT DOES NOT INCLUDE TALKS ABOUT RAW MATERIALS. FOR FURTHER DETAILS ON MINISTER'S VIEWS SEE REFTEL.

3. MINISTER OF MINES VALENTIN HERNANDEZ IN SEPARATE INTERVIEWS WITH EL UNIVERSAL AND EL NACIONAL ON SUCCEEDING DAYS MADE COMMENTS WHICH BOTH SUPPORTED THE FOREIGN MINISTER'S STAND AND SEEMINGLY CONTRADICTED IT. HE SAID THAT THE PREPCON RATHER THAN BEING REGARDED AS A FAILURE IS VIEWED WITH OPTIMISM AND CONFIDENCE BY THE VENEZUELAN GOVERNMENT AS HAVING ACHIEVED SOMETHING CONSIDERED VERY IMPORTANT - THAT IS, THE OPPORTUNITY FOR DIALOGUE AND TO RAISE THE IMPORTANT PROBLEMS OF STRATEGIC RAW MATERIALS (IN THAT FORUM). THE MINISTER SAID HE DID NOT BELIEVE THE PARIS CONFERENCE HAD FAILED BUT INSTEAD HAS ESTABLISHED A DIALOGUE BETWEEN THE DEVELOPING WORLD AND INDUSTRIALIZED WORLD. THE CONFERENCE ENDED IN SUCH A MANNER, HE SAID, THAT IT WILL BE POSSIBLE TO RECONVENE AGAIN TO CONTINUE DEBATING THE POSSIBILITY OF AND THE FORM FOR ACHIEVING THE DESIRED CONFERENCE IN WHICH THE PROBLEMS OF RAW MATERIALS CAN BE FORMALLY DISCUSSED. MINISTER HERNANDEZ REFLECTED THAT IF THE CONSUMERS AND PRO-LIMITED OFFICIAL USE

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DUCERS HAD BEEN ABLE TO REACH AN AGREEMENT RAPIDLY THE SAME WOULD BE POSSIBLE FOR ALL THE WORLD'S PROBLEMS. HIS POINT WAS THAT THE SUBJECT MATTER WAS EXTREMELY COMPLEX.

4. IN HIS SECOND NEWSPAPER INTERVIEW MINISTER HERNANDEZ ADDED THAT IT WAS HIS BELIEF THAT THE PREPCON CLARIFIED THE POSITIONS OF BOTH SIDES. NOW THAT THESE POSITIONS ARE UNDERSTOOD, AN AGENDA FOR THE CONFERENCE CAN BE ACHIEVED. HE REPEATED HIS

OBSERVATION THAT SUCH INTERNATIONAL QUESTIONS AS ENERGY ARE NOT EASY TO RESOLVE AND THAT ANY NEGOTIATIONS WILL PROCEED VERY SLOWLY.

5. MINISTER HERNANDEZ REITERATED STATEMENT HE HAD GIVEN TO EL NACIONAL THE PREVIOUS WEEK CONCERNING THE AGENDA FOR SECRETARY KISSINGER. HE SAID THAT THE QUESTION OF PETROLEUM PRICES AND THE POSITION OF VENEZUELA WITHIN OPEC ARE NOT INCLUDED IN THE OFFICIAL AGENDA WHICH PRESIDENT PEREZ AND FOREIGN MINISTER ESCOVAR SALOM WILL ANALYZE WITH THE SECRETARY. VENEZUELA'S DECISION IF FIRM, HE ADDED IN THAT THERE WILL BE NO DISCUSSION OF PETROLEUM PRICES OUTSIDE THE FRAMEWORK OF OPEC.

6. WHILE FOREIGN MINISTER ESCOVAR SALOM ALLEGEDLY BLAMED THE INDUSTRIALIZED COUNTRIES FOR THE FAILURE OF PREPCON HE DID NOT SINGLE OUT THE UNITED STATES. THE ONLY SOURCE TO DO SO SO FAR WAS THE SPOKESMAN FOR THE COMMUNIST PARTY RADAMES LARRAZABAL IN A BRIEF ITEM APPEARING IN EL NACIONAL ON APRIL 17. LARRAZABAL STATED THAT SECRETARY KISSINGER'S FORTHCOMING VISIT TO VENEZUELA IS INCOMPREHENSIBLE IN VIEW OF THE RECENT BLOCKING OF THE PARIS PREPCON BY THE UNITED STATES. THE UNITED STATES, HE ADDED, REFUSES TO CONSIDER THE POSITION OF THE THIRD WORLD IN PREPARING FOR THE ENERGY CONFERENCE.

7. RAFAEL ALFONZO RAVARD, WHO HEADS THE PRESIDENTIAL COMMISSION DISCUSSING PETROLEUM NATIONALIZATION WITH THE OIL COMPANIES, IS THE FIRST SENIOR OFFICIAL THE EMBASSY HAS SPOKEN TO ABOUT RESULTS OF PREPCON. HIS INITIAL REACTION PARALLELS THAT OF MINES MINISTER HERNANDEZ, IN THAT HE CONSIDERS THE PREPCON TO HAVE ESTABLISHED A BASIS FOR DIALOGUE. HOWEVER, ALFONZO RAVARD BELIEVES THE CONSUMER COUNTRIES MUST AGREE TO AT LEAST CONSIDER THE QUESTION OF RAW MATERIALS IN FUTURE DISCUSSIONS WITH LDCS. HE FEELS THAT OPEC COUNTRIES HAVE NO CHOICE BUT TO INSIST ON THE INCLUSION OF RAW MATERIALS ON ANY AGREED CONFERENCE AGENDA. OTHERWISE, OPEC LIMITED OFFICIAL USE

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COUNTRIES WILL LOSE THE SUPPORT OF NON-OIL PRODUCING LDCS. HE ACKNOWLEDGES THAT THESE LATTER COUNTRIES ARE THE ONES MOST AFFECTED BY HIGH OIL PRICES. ALFONZO RAVARD IS IN THESE MATTERS A REALIST. HE DISPLAYED HIS REALISM WITH A COMMENT THAT HIS ADVICE TO GOV OFFICIALS IS THAT VENEZUELA SHOULD TALK FOR AND TO THE THIRD WORLD, BUT IT MUST WELL TO THE FIRST WORLD. ASECIO

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